

# **EMERGENCY FINANCIAL MANAGER OF THE CITY OF ECORSE ORDER No. 081**

**ORDER OF THE EMERGENCY MANAGER OF THE CITY OF ECORSE, COUNTY OF WAYNE, STATE OF MICHIGAN, AUTHORIZING AND APPROVING A THREE YEAR CONTRACT WITH PLANTE & MORAN, PLLC OF 27400 NORTHWESTERN HIGHWAY SOUTHFIELD, MI 48037 TO PROVIDE FINANCIAL AND ACCOUNTING SERVICES, INCLUDING THE PROVISION OF AN INDIVIDUAL TO SERVE AS THE CITY OF ECORSE'S FINANCIAL CONTROLLER FROM JULY 1, 2012 THROUGH JUNE 30, 2015.**

**WHEREAS**, under the Local Government Fiscal Responsibility Act, Act 72, Public Acts of Michigan, 1990, as amended ("Act 72") and, since March 16<sup>TH</sup> of 2011, under the Local Government and School District Fiscal Accountability Act, Act 4, Public Acts of Michigan, 2011, as amended ("Act 4") and the Contract (the "Contract") between the State of Michigan and Joyce A. Parker, dated October 30, 2009, Joyce A. Parker has been appointed as the Emergency Manager (the "EM") of the City of Ecorse, County of Wayne, Michigan (the "City") and charged with the power and authority to take all actions necessary to develop and implement financial and operational plans to regulate expenditures, investments and the provision of services for the City of Ecorse in conformity with and using the powers set forth in Act 4; and

**WHEREAS**, pursuant to Public Act 4 of 2011, Section 19 (1) (a) an Emergency Manager may continue to analyze the factors and circumstances that contributed to the financial emergency of the local government and initiate steps that will continue to correct the condition and stabilize the operation;

**WHEREAS**, pursuant to Public Act 4 of 2011, Section 19 (g), the Emergency Manager, in her sole discretion, has the power and authority to make, approve, or disapprove any appropriation, contract, expenditure, or loan, or the filling of any vacancy in a position and, pursuant to Section 19 (1)(o) an Emergency Manager has the power and authority to employ or contract for, at the expense of the local government and with the approval of the state financial authority, auditors and other technical personnel the Emergency manager considers necessary to implement the purpose and goals of this Act;

**WHEREAS**, additionally, under Section 19 (1) (ee) the Emergency Manager can take any other action or exercise any power or authority of any position, whether elected or appointed relating to the operation of the local government; recognizing that the power of an Emergency Manager is superior to and supersedes the power of any officer or employee whether elected or appointed and, therefore, allows an Emergency Manager to exercise the power and authority necessary to properly accomplish the work of the municipality, including but not limited to ensuring long term fiscal responsibility;

**WHEREAS**, for many years between the two periods of emergency management, the City of Ecorse struggled with mismanagement of operations and, in particular, its finances to the detriment of its residents and the community;

**WHEREAS**, beginning in late 2009 pursuant to an appropriately authorized contract, the City's Emergency Manager retained Plante & Moran, PLLC to provide professional financial and accounting services, including serving as the City's exclusive financial controller exercising the type of activities listed in the attached Plante & Moran letter agreement **Scope of Services** provision. Additionally, the Emergency Manager acknowledges that Plante & Moran, PLLC is an independent and professional



firm capable of providing a broad spectrum of financial and accounting services to the City of Ecorse. Furthermore, that the extent and quality of professional financial and accounting services provided by Plante & Moran over the past almost three years have been critical in assisting the Emergency Manager in the execution of debt restructuring and financial recovery initiatives, as well as establishing trustworthy financial recording systems and records, instituting regulatory compliant financial processes and procedures, and providing other professional financial consulting services to the Emergency Manager as needed to help stabilize and restore the financial condition of the City of Ecorse.

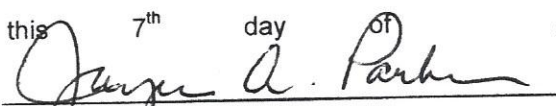
**WHEREAS**, the Emergency Manager has determined that it is in the best financial interest of the City to enter into a three year agreement with Plante & Moran, specifically commencing July 1, 2012 and continuing through June 30, 2015, to provide financial and accounting services to the City, including a qualified individual to continue as the City's Financial Controller during said period of time. Additionally, with the three year engagement of Plante & Moran for all purposes so stated in the Agreement between the Parties, the Emergency Manager intends to ensure continuity of quality and integrity in the financial aspect of the implementation of the City's financial operations in accordance with the Emergency Manager's financial and operational plan.

**WHEREAS**, pursuant to the state approval requirement, the Emergency Manager verifies that the State of Michigan Treasury has approved the City entering into a three year Agreement with Plante & Moran for the provision of financial and accounting services as stated above.

**RESOLVED, IT IS HEREBY ORDERED BY THE EMERGENCY MANAGER OF THE CITY OF ECORSE, PURSUANT TO PUBLIC ACT 4 OF 2011, PUBLIC ACT 72 AND THE CONTRACT, THAT:**

1. The Emergency Manager is authorized pursuant to Public Act 72 and Public Act 4 to enter into an Agreement with Plante & Moran, PLLC of 27400 Northwestern Highway, Southfield, MI 48037 to provide financial and accounting services, as well as a qualified individual to serve as the City of Ecorse's Financial Controller pursuant to all terms and conditions and at such fee rate(s) as are set forth in the Agreement between the Parties.
2. The Emergency Manager shall enter into said Agreement with Plante & Moran PLLC for a period of not less than three (3) years commencing on July 1, 2012 and continuing through June 30, 2015.
3. Pursuant to the City of Ecorse's budget, the approval of the State Treasury and the Emergency Manager's intent to serve the best interests of the Ecorse community through the continued implementation of the Emergency Manager's financial and operational plan, Plante Moran PLLC shall serve for said term as the City of Ecorse's exclusive financial and accounting service, to include the provision of a qualified individual to serve as the City's exclusive Financial Controller.
4. Repeal. All orders of the Emergency Manager, resolutions of the City Council of the City, and parts of resolutions or orders in conflict with this Order are hereby repealed to the extent of such conflict.

IT IS SO ORDERED this 7<sup>th</sup> day of August, 2012.

  
Joyce A. Parker  
Emergency Manager, City of Ecorse



Plante & Moran, PLLC  
27400 Northwestern Highway  
P.O. Box 307  
Southfield, MI 48037-0307  
Tel: 248.352.2500  
Fax: 248.352.0018  
plantemoran.com

April 17, 2012

Ms. Joyce A. Parker  
Emergency Manager  
City of Ecorse  
3869 West Jefferson Avenue  
Ecorse, MI 48229-1798

Dear Ms. Parker:

We continue to be complimented by your selection of our firm to assist you. We are sending this letter to outline our understanding of the engagement of Plante & Moran, PLLC (P&M), by the City of Ecorse to provide financial accounting assistance.

**Objective** - Our objective is to provide financial professionals to assist the City of Ecorse's management team with the accumulation, assembly, and analysis of financial information while performing the duties as your contract controller.

**Scope of Services** - As a member of your accounting staff, our work product will be in the form of preparing financial schedules created under the direction and supervision of you (and the City's financial management team). As such, our consulting activities may consist of the following type of activities:

- Preparation of monthly bank and investment account reconciliations
- Recording and reconciliation of property tax activity in the general ledger and adjustment as necessary
- Preparation and recording of adjusting journal entries as necessary
- Reconciliation of utility receivables to the general ledger
- Reconciliation/recording of all significant receivables, including from other governmental units and loan receivables
- Reconciliation of accounts payable to the general ledger
- Reconciliation of payroll postings
- Reconciliation/recording all significant accrual and debt activity
- Review, reconciliation and correction of interfunds as necessary
- Review, reconciliation and correction of all significant balance sheet and income statement accounts as deemed necessary
- Preparation/review of periodic budget to actual statements – forwarded to council no later than 30 days after each month end
- Assist with the preparation of the annual budget



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- Assist with preparation of budget amendments throughout the year
- Periodic meetings with Mayor and Council and other members of the management team to discuss financial reports and any other financial matters, as needed
- Preparation of all necessary schedules as required to complete the annual audit
- Prepare all required schedules and reconciliations for audit – usually ready within 60 days after year end
- Oversee the audit process including answering all auditor questions and coordinating the timing to ensure the audit is released timely.
- Preparation of annual F-65 and Act 51 and various payroll reports
- Assist staff with any operating issues
- Provide operating recommendations based on current activities of the City and best practices from other clients
- Prepare and/or assist with the preparation of the quarterly EM reports due to the State of Michigan Department of Treasury
- Provide assistance with any other financial operating matters such as debt issuance, pension plans, loans, deficit elimination plans, etc.

**Staffing** – Carl Johnson will serve as the project manager and partner with overall responsibilities for ensuring P&M's responsibilities under this engagement are carried out. Tim McCurley will fill the controller's position. Any change in the staffing of the controller's position will require prior approval of the EM or governing body. If the parties are unable to agree on any staffing change, it would be cause for termination of the contract.

The City agrees that P&M employees are not "contract for hire." The City and P&M agree that each respective organization and its employees will not endeavor to influence the other organization's employees to seek an employment or other contractual arrangement with its organization, within the duration of this engagement or for a period of one year after termination of the engagement. P&M may release the City from these employment restrictions if the City agrees to reimburse P&M for its recruiting, training, and administrative investment in the employee.

**Time commitment** – The contract period will commence beginning July 1, 2012 and end June 30, 2015.

We will have a consultant working at the City five days per week except for the following:

- Four weeks' vacation time per year (per P&M's personnel manual) – approved in advance by EM/governing body

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- All holidays per the city's official holiday schedule
- 40 hours per year of required Plante Moran training – advance notice will be given to EM/governing body

**Fees** - Our fee for this work will be \$10,833.34 per month (\$130,000 annual max.) for the period July 1, 2012 through June 30, 2013. Our fee for this work will be \$11,250 per month (\$135,000 annual max.) for the period July 1, 2013 through June 30, 2015.

**Payment terms** - Our invoices will be rendered monthly and are due when received. If invoices are not paid within four weeks of the invoice date, we will suspend services until all outstanding invoices are paid.

**Review and supervision** - It is understood that as a temporary member of your accounting department, the work of the P&M temporary service provider is subject to the same supervision, review and approval practices that you undertake with your own staff. It is further understood that the work of the temporary service provider is not being reviewed by any other person at P&M.

**Limitation of scope** - Our services will not include tax or financial statement assurance related services. Any such services, if requested, will be detailed in a separate engagement letter. Accordingly, this consulting services engagement is not intended to produce financial statements in accordance with AICPA financial reporting standards. Accordingly, P&M's name must not be associated with the City's internal financial statements.

It should also be recognized that our services cannot be relied upon to disclose any defalcations or similar irregularities that may exist. However, if such irregularities come to our attention, we shall notify you and discuss the circumstances with you.

It is understood that P&M and its staff will consult with the City's management but will not make any management decisions in connection with services provided. The City is responsible for the adequacy of policies followed and procedures performed.

**Termination** - The City can terminate the contract only for cause with 60 day advance written notice during for the first two years of the contract (July 1, 2012 through June 30, 2014). The City can terminate the contract with or without cause beginning July 1, 2014 with 60 day advance written notice for the remainder of the contract.

**Severability** - If any provision of the Agreement should be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions of the agreement shall not in any way be affected impaired or prejudiced thereby.



Ms. Joyce A. Parker  
City of Ecorse

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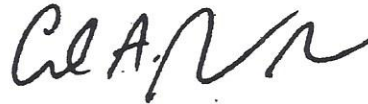
**Conflicts** - Should we become aware of any conflicts during the course of the engagement that would preclude us from performing these services; we will immediately disclose that to you upon our discovery. P&M reserves the right to withdraw from the engagement at its sole discretion.

If you have any questions regarding the above, please contact me at (248) 223-3396. If you are in agreement with our understanding of the engagement, please sign the enclosed copy of this letter and return it to us.

Thank you for the opportunity to serve you.

Very truly yours,

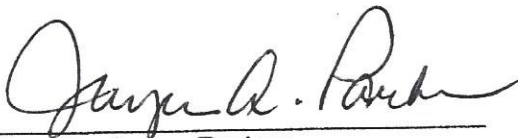
PLANTE & MORAN, PLLC



Carl A. Johnson

Agreed and Accepted:

City of Ecorse



By: Ms. Joyce Parker  
Emergency Manager

8/7/12

Date